

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 JUSE-00 ACDA-12 /138 W
-----054810 141708Z /72

P R 141616Z JUN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 7125
INFO ALL EC CAPITALS
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09392

USMTN

E.O.11652: XGDS-1
TAGS: ETRD, MTN, UK
SUBJECT: UK VIEWS ON MTN ISSUES

REF: (A) STATE 147004; (B) GENEVA 8773; (C) LONDON 9008

1. AS REQUESTED REFTELS A AND B, AMBASSADOR BREWSTER
RAISED WITH EDMUND DELL THE NEED FOR UK SUPPORT IN
SUCCESSFULLY CONCLUDING A COMPREHENSIVE MTN PACKAGE.
THE AMBASSADOR FLAGGED FOR DELL THE ISSUES SUGGESTED BY
AMBASSADORS MCDONALD AND WOLFF, AND IT WAS AGREED THAT
EMBASSY OFFICERS WOULD PURSUE THE DISCUSSION IN MORE
DETAIL WITH DEPARTMENT OF TRADE OFFICIALS. OF PARTICULAR
INTEREST DURING THE DISCUSSION WAS DELL'S SENSITIVITY TO
WHAT HE SAW AS UNJUSTIFIED CRITICISM BY THE U.S. OF
BRITAIN'S PERFORMANCE IN THE MTN NEGOTIATIONS. DELL
SAID, "CONTRARY TO THE VIEWS OF THE U.S. ADMINISTRATION,
THE UK HAS BEEN TRYING WITHIN THE COMMUNITY TO KEEP THE
MTN GOING . . . WITHOUT UK EFFORTS IN THE EC COUNCIL,
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THE MTN WOULD HAVE ENDED SHARPLY SIX MONTHS AGO."

2. ON JUNE 13 E/C MINISTER MILLER AND EMBASSY OFFICERS
REVIEWED THE ISSUES LISTED IN REF B WITH ROBIN GREY.
WHILE DISCUSSION DID NOT REVEAL ANY CHANGES IN UK POSI-
TIONS, THE FOLLOWING SUMMARY IS PROVIDED AS A CURRENT
READING OF THE MTN SITUATION BY A SENIOR UK OFFICIAL.

3. AGRICULTURE. GREY TOOK THE USUAL POSITION THAT THE UK WILL BE AS HELPFUL AS POSSIBLE IN BREAKING LOOSE SIGNIFICANT AGRICULTURAL PRODUCT CONCESSIONS. "WE CONTINUE TO PUT PRESSURE ON THE COMMISSION TO OPEN UP MORE, . . . ESPECIALLY FOR AUSTRALIA AND NEW ZEALAND." GREY SAID THE UK CONTINUES TO NEED THE BIGGEST POSSIBLE PACKAGE, THE BIGGER THE PACKAGE THE MORE THE UK CAN SQUEEZE OUT OF THE U.S. AND JAPAN. HE ALSO RAISED THE WINE GALLON ASSESSMENT PROBLEM, BUT HE DID NOT PUSH, SAYING HE REALIZED THE DIFFICULTY IN THE U.S. HE ALSO ADDED THAT THE UK DID NOT LIKE TO PRESSURE THE ITALIANS ON CITRUS IN ORDER TO GET SOMETHING ON WGA. TOM SHARP THEN RAISED PROBLEM OF "STRAUSS PRODUCTS" AND SUGGESTED IT WOULD BE HELPFUL IN GETTING CONCESSIONS ON CITRUS AND TOBACCO IF THE U.S. COULD SOMEHOW OFFER ASSISTANCE OF SOME KIND TO THE ITALIAN INDUSTRIES.

4. EC INDUSTRIAL TARIFF WITHDRAWALS. GREY CONFIDED THAT EC HAD "A HELL OF A ROW" ON THIS, WITH THE FRENCH WANTING THE SECOND WITHDRAWAL LIST FINALIZED AND TABLED IN GENEVA QUICKLY. UK AND OTHERS HELD THE FRENCH OFF IN 113 COMMITTEE, BUT THE LIST WILL BE FINALIZED AT THE 113 TITULAIRES THIS FRIDAY, JUNE 16. GREY SAID IT WILL NOT BE TABLED YET, HOWEVER. THE COMMISSION WILL BE GIVEN DISCRETION ON TIMING, BUT FRENCH WILL PUSH HARD THIS CONFIDENTIAL

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FRIDAY FOR IT TO BE TABLED IN GENEVA.

5. SUBSIDIES/COUNTERVAILING. GREY SAID, AS HE HAS IN

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09392

THE PAST, THAT HE FORESEES CONTINUING TROUBLE. SPECIFICALLY ON SUBSIDIES HE WARNED THAT THE ILLUSTRATIVE LIST IS NOT LIKELY TO BE ACCEPTABLE TO UK MINISTERS. HOWEVER, HE NOTED A PAPER IS GOING TO DELL SHORTLY AND IT IS POSSIBLE THAT DELL WILL AGREE TO SOMETHING ALONG THE LINES OF THE RIVERS/GREY DISCUSSION IN LONDON ON MAY 25.

6. GOVERNMENT PROCUREMENT. "THIS IS NOT ON," ACCORDING TO GREY. THE UK IS NOT GOING TO BE FORTHCOMING. EXCEPTIONALLY, THERE IS NO DIFFERENCE OF VIEW WITHIN THE COMMUNITY ON THIS POSITION. "I COULD NOT ASK THE UK GOVERNMENT TO EASE UP."

7. RULES OF ORIGIN. GREY SAID HE WAS NOT REALLY FAMILIAR WITH THIS ISSUE, BUT AFTER A BRIEF DISCUSSION ON THE TELEPHONE WITH ANOTHER OFFICIAL, HE SAID THE POSITION WAS THAT THE EC WOULD SEEK TO DEAL WITH SPECIFIC U.S. COMPLAINTS.

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8. SAFEGUARDS. GREY MADE IT CLEAR THAT "IF WE CAN'T NEGOTIATE SOMETHING ON SELECTIVITY, IT WILL JUST BE DONE ANYWAY." HE SAID THE GERMANS ARE STILL ON THE U.S. SIDE, BUT IN THE END THEY WILL HAVE TO COME AROUND TO THE UK/FRENCH POSITION. HE SAID THE UK COULD ACCEPT "A LOT OF GATT SURVEILLANCE AND REPORTING, BUT NO GATT DECISION-MAKING AUTHORITY." HE SAID THE EC WOULD PREFER TO RETAIN ARTICLE XIX AND THAT, IN THE LAST ANALYSIS, THE UK WANTS THE ABILITY TO GO AHEAD SELECTIVELY WITHOUT PRIOR APPROVAL.

9. FRAMEWORK ISSUES. GREY WAS NOT VERY FORTHCOMING ON THE SPECIFIC ISSUE OF A "BEST EFFORTS" PLEDGE TO AVOID TRADE MEASURES FOR BOP REASONS. DISCUSSION BROADENED AT THIS POINT TO A GENERAL REVIEW OF PROTECTIONISM. BREWSTER

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